

SYBAF sem IV Reg & A.T.K.T. Exam March, 2020

Class : SYBAF SEM IV Subject : Management Accounting

Duration : 2 and half hour . Marks 75 04/3/20



Note : All questions are compulsory , subject to internal choice.

: Figures to the right indicate full marks.

: Use of simple calculator is allowed

Q-1 (a) Fill ups (Any 8)

(8)

- 1) In a vertical balance sheet , capital reserve forms part of \_\_\_\_\_
- 2) In vertical income statement, preliminary expenses written off will be shown under \_\_\_\_\_ expenses
- 3) \_\_\_\_\_ balance sheet is used for reporting more than one year's side by side.
- 4) In vertical income statement , Net sales --- cost of goods sold = \_\_\_\_\_
- 5) When net sales for the year are Rs.2,50,000 and debtors Rs.50,000, the average collection period is \_\_\_\_\_ days.
- 6) Dividing net income by sales gives the \_\_\_\_\_ on sales .
- 7) Current ratio is 3: 5. Working capital is Rs.9,00,000 . The amount of current liabilities is Rs \_\_\_\_\_.
- 8) For calculating cash flow operating activities, provision for doubtful debts is \_\_\_\_\_ the profit made during the year .
- 9) \_\_\_\_\_ working capital means the total current assets without deducting current liabilities.
- 10) Higher advances collected from the customers would mean the company will need \_\_\_\_\_ working capital . -

Q-1 (b) State True or false (any 7)

(7)

- 1) In a vertical balance sheet, fictitious assets are included under Fixed assets .
- 2) Trend statements indicate growth and decline better than common size statements.
- 3) For an oil company , stock of oil is a liquid asset.
- 4) The base for calculating trend percentage is always the first accounting year of the concern.
- 5) The liquidity ratio measures how quickly a firm can dispose of inventory.
- 6) A business with a higher working capital will also have a higher current ratio.
- 7) A firm may have a current ratio greater than 1 and quick ratio of less than 1.
- 8) Interest paid on loans reduces the cash flow for operating activity.

9) Tax refund is a non-operating cash flow.

10) Higher bank overdraft means higher working capital

Q-2 (a) Summary Balance sheet of Star Ltd. for the year ended 31<sup>st</sup> December, 2012 and 31<sup>st</sup> December 2013 are as follows : Make a comparative analysis of the following (15)

Liabilities	2012	2013	Assets	2012	2013
Equity share capital	8,00,000	8,00,000	Building	6,00,000	5,40,000
10% pref. share capital	6,00,000	6,00,000	Land	2,00,000	2,00,000
General reserves	4,00,000	4,90,000	Plant	6,00,000	5,40,000
15% Debentures	2,00,000	3,00,000	Furniture	2,00,000	2,80,000
Creditors	3,00,000	4,00,000	Stock	4,00,000	6,00,000
Bills payable	1,00,000	1,50,000	Debtors	4,00,000	6,00,000
Tax payable	2,00,000	3,00,000	Cash	2,00,000	2,80,000
	26,00,000	30,40,000		26,00,000	30,40,000

OR

Q-2 (b) The accountant of Synthetic industries limited submits the following statements for 2016-17 (15)

Trading and Profit and loss a/c for the year ending 31-03-2017

Particulars	Rs.	Particulars	Rs.
To, opening stock	25,000	By sales	6,25,000
To, purchases	5,00,000	By closing stock	25,000
To, Gross profit c/d	<u>1,25,000</u>		
	<u>6,50,000</u>		<u>6,50,000</u>
To, Depreciation on assets let-out	50,000	By Gross profit b/d	1,25,000
To, other expenses	30,000	By Returns from assets let -out	80,000
To, tax	40,000		
To Net profit	85,000		
	2,05,000		2,05,000

Balance sheet as on 31-3-2017

Liabilities	Rs	Assets	Rs.
Share capital	2,74,000	Cash	5,000
Sundry creditors	80,000	Debtors	1,00,000
Bank overdraft	25,000	Stock	25,000
Tax provision 40,000	1,000	Let-out assets cost 4,00,000	2,50,000
Less tax paid (39,000)		(--) depreciation (1,50,000)	
	3,80,000		3,80,000

RE-Arrange the above in a form suitable for analysis.





Q-3 (a) M/s Cinevistone Ltd ..Balance sheet as on 31<sup>st</sup> March ,2017

(15)

Liabilities	Rs.	Assets	Rs.
Equity share capital	3,30,000	Debtors	68,000
5% pref.share capital	1,00,000	Bills receivable	12,000
Reserves	68,000	Cash and cash balance	32,000
Profit and loss a/c	32,000	Stock	38,000
Creditors	48,000	Other current assets	68,000
5% debentures	1,10,000	Preliminary expenses	12,000
Provision for income tax (current year)	20,000	Fixed assets	5,47,000
Bills payable	32,000	Prepaid expenses	5,000
Bank overdraft	22,000		
Proposed dividend	20,000		
	7,82,000		7,82,000

Other details of the company for the year 2016-17:

1. Sales Rs.8,00,000 (80% on credit)
2. Credit purchases Rs.4,00,000
3. Net profit before tax Rs.60,000
4. Dividend on equity shares Rs. 15,000

Calculate :

- 1) Liquid ratio
- 2) Creditors turnover ratio
- 3) Stock –working capital ratio
- 4) Debtors turnover ratio
- 5) Capital gearing ratio.

Or

Q-3 From the following details calculate : (15)

1. Gross profit ratio
2. Office and administration expenses ratio
3. Selling and distribution expense ratio
4. Operating expense ratio
5. Stock turnover ratio



M/S Trading and profit and loss account for the year ending on 31<sup>st</sup> march, 2017

Particulars	Rs	Particulars	Rs.
To, Opening stock	1,30,000	By sales	65,00,000
To, Purchases	55,70,000	By closing stock	2,55,000
To, Direct expenses	1,70,000	By Interest	15,000
To, Salaries	1,78,000		
To, Office expenses	1,38,000		
To, Selling expenses	1,18,000		
To, Distribution expenses	98,000		
To, Interest	48,000		
To, provision for income tax	95,000		
To, net profit	2,25,000		
	67,70,000		67,70,000

Q-4 (a) Telestar Ltd. gives you the following summary Balance sheet for the year ended 31<sup>st</sup> march, 2018 and 2017. Prepare a cash flow statement for the year ended 31<sup>st</sup> march, 2017 as per AS-3 by indirect method.

(15)

Liabilities	2016	2017	Assets	2016	2017
Equity share capital	1,20,000	1,20,000	Land	2,10,000	2,70,000
5% preference share capital	90,000	60,000	Building	2,85,000	2,70,000
General reserve	30,000	42,330	Stock	27,000	36,300
Profit and loss a/c	15,240	28,080	Debtors	40,440	38,460
Provision for Tax	17,000	8,000	Prepaid expenses	25,880	17,000
Creditors	3,37,920	3,81,990	Bank balance	15,480	3,240
			Misc. expenditure	6,000	5,400
	6,10,160	6,40,400		6,10,160	6,40,400

Other information for the year ended 31<sup>st</sup> March, 2017:

- 1) The company has paid interim dividend of 5% on Equity shares.
- 2) Preference shares were redeemed during the year at 10% premium
- 3) Income tax paid during the year Rs.15,000

Or



Q-4 (b) From the following figures, prepare an estimate of the Working capital : (15)

Production	30,000
Selling price per unit	Rs.10
Raw material	60% of selling price
Direct wages	1/6 th of raw material
Overheads	Twice the Direct wages
Material in hand	2 months requirement
Production time	1 month
Finished goods in stores	3 months
Credit for material	2 months
Credit allowed to customers	3 months
Average cash balance	Rs.40,000

Further information :

Wages and overheads are paid in the beginning of next month. In production all the material are charged in the initial stage and wages and overheads accrue evenly.

Q-5 Explain functions of Management accountant (15)

Q-5 Short notes (any 3) (15)

- 1) Distinguish between Financial accounting and Management accounting
- 2) Operating cycle
- 3) Advantages of Adequate working capital
- 4) Utility of Ratios
- 5) Over trading